

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
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INFO ALL EC CAPITALS

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PASS AGRICULTURE AND STR ELECTRONICALLY

E.O. 11652: N/A

TAGS: ETRD, GATT, EAGR, EEC

SUBJ: GATT PANEL ON EC NFDI COMPULSORY PURCHASE

SCHEME, MARCH 21 MEETING

REF. A. GENEVA 1251; B. GENEVA 1968

1. SUMMARY. THE SECOND MEETING OF THE GATT PANEL WITH THE U.S. AND EC DELEGATIONS ON THE EC'S COMPULSORY PURCHASE SCHEME FOR NFDI FOCUSED ON THE U.S. REBUTTAL PAPER (SUBMITTED TO THE PANEL ON MARCH 8) AND ON THE EC'S WRITTEN RESPONSE TO A NUMBER OF QUESTIONS POSED BY THE PANEL. THE COMMUNITY ASKED FOR ADDITIONAL TIME TO PREPARE A WRITTEN REPLY TO THE U.S. PAPER. THE PANEL CHAIRMAN REQUESTED THE EC TO SUBMIT THIS RESPONSE WITHIN TEN DAYS BUT LATER AGREED TO ADDITIONAL TIME IF NEEDED. THE U.S. WILL HAVE THE OPTION OF FURTHER REPLY UPON RECEIPT OF THE EC PAPER. END SUMMARY.

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2. THE U.S. OPENED THE MEETING BY OUTLINING ITS PAPER-- SUBMITTED TO THE PANEL ON MARCH 8, REBUTTING THE EC POSITIONS ADVANCED AT THE FIRST MEETING OF THE PANEL (REF A). IN PARTICULAR, WE ATTACKED THE EC CLAIM THAT THE COMPULSORY PURCHASE SCHEME QUALIFIED FOR A GATT ARTICLE II 2(A) EXEMPTION (AS A PERMISSIBLE INTERNAL TAX) EMPHASIZING THAT THE SURETY DEPOSIT WAS IN NO SENSE A TAX AND THAT THE

SCHEME HAD NOT BEEN UNIFORMLY APPLIED ON ALL IMPORTED AND DOMESTIC LIKE PRODUCTS. IN RESPONSE TO THE PANEL'S REQUEST, THE REBUTTAL PAPER ALSO CONTAINED OUR VIEW THAT LIKE PRODUCTS IN THIS CASE SHOULD BE CONSIDERED TO BE THOSE PRODUCTS USED FOR THE PURPOSE OF ADDING PROTEIN TO ANIMAL FEEDS AND PROVIDED A LIST OF SUCH PROTEIN SUPPLEMENTS.

3. THE COMMUNITY INDICATED THAT THEY NEEDED TIME TO REVIEW THE U.S. PAPER THOROUGHLY AND WISHED TO PRESENT A REPLY IN WRITING. THERE WAS LITTLE OR NOTHING NEW IN THEIR IMMEDIATE REACTION TO THE U.S. ARGUMENTS.

4. THE SECOND PART OF THE MEETING FOCUSED ON THE EC'S RESPONSE TO WRITTEN QUESTIONS SUBMITTED EARLIER BY THE PANEL (REF B), SUPPLEMENTED BY ORAL QUESTIONS BY THE U.S. DELEGATION AND VARIOUS PANEL MEMBERS. THE EC'S BRIEF WRITTEN RESPONSE TO THESE QUESTIONS IS BEING HANDCARRIED TO WASHINGTON BY DELEGATION MEMBERS. THERE WAS LENGTHY DISCUSSION OF THE DETAILS OF THE EC SYSTEM -- PARTICULARLY THE MANNER IN WHICH IT AFFECTED DOMESTIC PRODUCERS. TWO INTERESTING POINTS EMERGED:

A. THE COMMUNITY IN EFFECT ADMITTED THAT EC SOYBEAN AND LINSEED PRODUCERS COULD HAVE AVOIDED THE SCHEME BY WAITING UNTIL AFTER IT HAD TERMINATED TO APPLY FOR PRODUCER SUBSIDIES.

B. THEY ACKNOWLEDGED THAT 96 PERCENT OF THE DEPOSITS LIMITED OFFICIAL USE

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COLLECTED UNDER THE SCHEME HAD DERIVED FROM IMPORTS AND ONLY 4 PERCENT FROM DOMESTIC PRODUCTION.

5. THE EC PAPER ALSO CONTAINED DATA ON EC PRODUCTION, CONSUMPTION, AND TRADE IN FISH AND MEAT MEAL AND PROTEIN PRODUCTS COVERED BY THE SCHEME. THESE DATA REINFORCE THE U.S. CONTENTION THAT THE SCHEME AFFECTED MAINLY IMPORTED VEGETABLE PROTEIN AND EXCLUDED PRODUCTS WHERE THE EC'S DOMESTIC PRODUCTION WAS SIGNIFICANT (ANIMAL AND FISH MEALS AND CORN GLUTEN).

6. NEAR THE END OF THIS DISCUSSION, THE COMMUNITY AGAIN TOOK ISSUE WITH THE U.S. DEFINITION OF LIKE PRODUCTS. THEY STRESSED THE COMPLEXITY OF THIS CONCEPT AND DENIED THAT FISH AND MEAT MEAL WERE LIKE PRODUCTS FOR PURPOSES OF THIS CASE.

7. IN TERMINATING THE MEETING, THE PANEL CHAIRMAN SUGGESTED THAT THE COMMUNITY PROVIDE ITS WRITTEN RESPONSE

TO THE U.S. PAPER WITHIN TEN DAYS. HE WOULD THEN ALLOW
AN ADDITIONAL TEN DAYS FOR RECEIPT OF U.S. COMMENTS ON
THE EC PAPER AND A FURTHER TEN DAYS FOR A FINAL EC REPLY.
THE U.S. DELEGATION ACCEPTED THIS SUGGESTION BUT
EXPRESSED THE HOPE THAT THE EC WOULD NOT INTRODUCE
NEW ELEMENTS INTO THE CASE WHICH WOULD REQUIRE FURTHER
U.S. RESPONSE. WE FELT THAT AMPLE TIME HAD ALREADY BEEN
PROVIDED FOR BOTH SIDES TO MAKE THEIR ARGUMENTS. THE EC
DELEGATION WOULD NOT GUARANTEE THAT SUCH "NEW ELEMENTS"
WOULD NOT BE INTRODUCED PRIOR TO REVIEWING THE U.S.
PAPER. ALSO, THEY COULD NOT GUARANTEE THAT THE TEN DAY
DEADLINE WOULD BE RESPECTED BECAUSE OF POSSIBLE DIFFI-
CULTIES IN ARRANGING A MEETING WITH THE MEMBER STATES.
THEY SAID THEY WOULD MAKE THEIR BEST EFFORT.SORENSEN

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Message Attributes

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Sent Date: 23-Mar-1977 12:00:00 am
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